

DECISION MEMORANDUM

**TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF**

**FROM: KRISTINE SASSER
DEPUTY ATTORNEY GENERAL**

DATE: SEPTEMBER 4, 2014

**SUBJECT: IDAHO POWER'S APPLICATION REGARDING ITS ENERGY SALES
AGREEMENT WITH BLACK CANYON BLISS, LLC, CASE NO. IPC-E-
14-23**

On August 27, 2014, Idaho Power Company filed an Application requesting that the Commission accept or reject an Agreement between Idaho Power and Black Canyon Bliss, LLC (Black Canyon) for the sale and purchase of electric energy generated by the Black Canyon Bliss Hydro Project. Idaho Power requests that its Application be processed by Modified Procedure.

THE APPLICATION

On August 19, 2014, Idaho Power and Black Canyon entered into an Agreement pursuant to the terms and conditions of various Commission Orders applicable to PURPA agreements for non-seasonal hydro projects. Idaho Power states that Black Canyon proposes to operate and maintain a 24.82 kilowatt (kW) non-seasonal hydro energy facility to be located near Bliss, Idaho. The Company maintains that the project will be a qualified facility (QF) under the applicable provisions of the Public Utility Regulatory Policies Act (PURPA).

Under the terms of the Agreement, Black Canyon elected to contract with Idaho Power for a 20-year term using the non-levelized other published avoided cost rates as currently established by the Commission in Order No. 33084 for energy deliveries of less than 10 average MW (aMW). As defined in paragraphs 1.21 and 4.1.4 of the Agreement, Black Canyon will be required to provide data on the facility that Idaho Power will use to confirm that under normal and/or average conditions, the facility will not exceed 10 aMW on a monthly basis. As described in paragraph 7.5 of the Agreement, should the facility exceed 10 aMW on a monthly basis, Idaho

Power will accept the inadvertent energy that does not exceed the maximum capacity amount, but will not purchase or pay for inadvertent energy.

Black Canyon has selected November 15, 2014, as the project's Scheduled Operation Date. Various requirements have been placed upon Black Canyon in order for Idaho Power to accept energy deliveries from this facility. Idaho Power will monitor compliance with these requirements. Idaho Power will continue to monitor the ongoing requirements throughout the term of the Agreement.

The Agreement provides that all applicable interconnection charges and monthly operational or maintenance charges under Schedule 72 will be assessed to Black Canyon. A Schedule 72 Generator Interconnection Agreement (GIA) between Black Canyon and Idaho Power was executed on April 22, 2013. Idaho Power states that PURPA QF generation must be designated as a network resource (DNR) to serve Idaho Power's retail load on its system. In order for the facility to maintain its DNR status and maintain compliance with Idaho Power's non-discriminatory administration of its Open Access Transmission Tariff (OATT) and FERC requirements there must be a power purchase agreement (PPA) associated with its transmission service request.

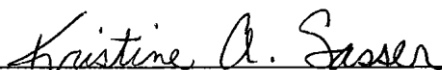
Article 21 of the Agreement provides that the PPA will not become effective until the Commission has approved all terms and conditions and declared that all payments Idaho Power makes to Black Canyon for purchases of energy will be allowed as prudently incurred expenses for ratemaking purposes.

STAFF RECOMMENDATION

Staff has reviewed Idaho Power's Application and recommends that the case proceed through the use of Modified Procedure with a 21-day comment deadline.

COMMISSION DECISION

Does the Commission wish to issue a Notice of Application and Notice of Modified Procedure setting a 21-day comment deadline?



Kristine A. Sasser
Deputy Attorney General

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